

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

***United States Attorney
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For Immediate Release

NEWS RELEASE SUMMARY - July 17, 2006

United States Attorney Carol C. Lam announced that George Charles Budenz II was sentenced today in U.S. District Court in San Diego by the Honorable Larry A. Burns to serve 12 months in federal custody followed by six months in a halfway house, based on Budenz's convictions for illegally exporting military aircraft components. In addition to Budenz's sentence of 12 months in custody and six months in a halfway house, Judge Burns ordered that Budenz pay a \$10,000 fine and serve a 3-year term of supervised release following prison.

As part of his earlier guilty plea in October 2005, Budenz, a former U.S. Navy intelligence officer, admitted that in December 2004 he intentionally exported from the United States to Malaysia an amplifier used on the General Electric J85 turbine jet engine, which powers the F-5 military fighter and other military aircraft. Budenz also admitted that in January 2005 he exported to Belgium an afterburner actuator for the J85 jet engine, and that he also exported to Malaysia nine nozzles for the Honeywell T55 engine, which powers the "Chinook" military helicopter.

According to Assistant U.S. Attorney William P. Cole, who prosecuted the case, the J85 amplifier, the J85 afterburner actuator, and the T55 nozzles are all designated on the United States Munitions List. The United States Munitions List is a list of defense articles and defense services that are subject to export controls by the U.S. Department of State. As part of his guilty plea, Budenz admitted that he exported the amplifier, the afterburner actuator, and the nozzles without the approval of the U.S. Department of State, although he knew that State Department approval was required. Budenz admitted that he exported these military aircraft components at the direction of Arif Ali Durrani, even though Budenz knew that Durrani had been previously convicted of violating the Arms Export Control Act and that Durrani was ineligible to obtain Department of State licenses for the export of defense articles.

In March 2006 Arif Durrani was tried by jury in U.S. District Court in San Diego for multiple violations of the Arms Export Control Act, including the same export violations to which Budenz pled guilty. Budenz was a witness against Durrani in that case, in which the jury found Durrani guilty on all counts. In June 2006 Judge Burns sentenced Durrani to serve 12 and a half years in federal custody.

DEFENDANT

Criminal Case No. 05 CR 1863-LAB

George Charles Budenz II

SUMMARY OF CHARGES

Three Counts of Title 22, United States Code, Section 2778 - Exporting Defense Articles Without a License
Maximum penalties (per count): 10 years in prison and a \$1,000,000 fine.

PARTICIPATING AGENCIES

Immigration and Customs Enforcement, Department of Homeland Security
Defense Criminal Investigative Service